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June 22, 2001

The Honorable Ann Veneman
Secretary
U.S. Department of Agriculture
Washington, D.C. 20250

Dear Secretary Veneman:

Two years ago I wrote to Secretary Glickman about the future of assistance to United States farmers and ranchers in light of World Trade Organization trade negotiations. As I told Secretary Glickman, it has consistently been a tenet of U.S. agriculture trade negotiating policy that while we want to see an end to domestic subsidies that distort world markets, countries have the right to support and assist their farmers in ways that do not distort trade. This important principle has guided U.S. agricultural policy throughout the 1990's and into the 21st century. I expressed my concern to Secretary Glickman that there seems to be a disturbing departure from that long held position at USDA. I regret that what I saw in 1999 has continued under your tenure at USDA.

I am informed that USDA plans to report to the WTO that market loss payments made to U.S. farmers in 1998, are to be placed in the "amber box", a category known as "trade distorting payments". This is being done despite the fact that the payments were made after the production year and could have no effect on producers' planting decisions. Additionally, since market loss payments are based on Agricultural Market Transition Act payments, this action could call into question the placement of non-trade distorting AMTA payments in the WTO "green box".

This decision will have a profound impact on U.S. farmers and on the ability of Congress to help farmers deal with financial stress.

I am very displeased by the decision regarding the 1998 market loss assistance payments and by the fact that there was inadequate consultation with the Committee before a final decision was made. This brings into question whether agriculture is well served by future trade negotiations.

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The United States has strong adversaries in the international agricultural trade arena and therefore must be resolute in its pursuit of free and fair trade. Abandoning the principle of assistance to our farmers does not instill any faith that the outcome of trade negotiations will be fair to United States agriculture.

Sincerely,

Larry Combest
Chairman